



DEPARTMENT OF ENERGY

Southeastern Power Administration

Revision to Power Marketing Policy Cumberland System of Projects

AGENCY: Southeastern Power Administration, DOE.

ACTION: Notice of proposed revision to power marketing policy.

SUMMARY: Pursuant to its Procedure for Public Participation in the Formulation of Marketing Policy, published in the *Federal Register* on July 6, 1978, Southeastern Power Administration (Southeastern) published on October 21, 2021, a notice of intent to revise its power marketing policy to include provisions regarding renewable energy certificates (RECs) from its Cumberland System of Projects. The current power marketing policy was published on August 5, 1993, for the Cumberland System (System) and is reflected in contracts for the sale of system power, which are maintained in Southeastern's headquarters office. The following is the proposed revision to the Cumberland System Power Marketing Policy to include a procedure for distribution of RECs to Preference Customers. Southeastern solicits written comments in formulating the final marketing policy revision.

DATES: A public information and comment forum will be held on June 29, 2023 at 11 a.m. via a virtual web based meeting to allow maximum participation. Persons desiring to attend the forum should notify Southeastern by June 22, 2023, so that a list of forum participants can be prepared. Persons desiring to speak at the forum should specify this in their notification to Southeastern; others may speak if time permits. Written comments are due July 14, 2023, fifteen (15) days after the scheduled comment forum.

ADDRESSES: Written comments should be submitted to: Virgil G. Hobbs III, Administrator, Southeastern Power Administration, Department of Energy, 1166 Athens Tech Road, Elberton, Georgia 30635-6711, and emailed to comments@sepa.doe.gov. The public information and comment forum for the revision of the Cumberland System Power marketing policy to include

provisions for RECs will be by Microsoft Teams. Please register your intent to attend, including name, address, phone number, and email address, with Southeastern's Legal Assistant, Karen Fitzpatrick at *karen.fitzpatrick@sepa.doe.gov*, to receive updates on the meeting status of the comment forum.

FOR FURTHER INFORMATION CONTACT: Leon Jourolmon IV, General Counsel, Southeastern Power Administration, 1166 Athens Tech Road, Elberton, Georgia 30635. Telephone: (706) 213-3800. Email: *leon.jourolmon@sepa.doe.gov*.

SUPPLEMENTARY INFORMATION: Pursuant to its "Procedure for Public Participation in Formulation of Marketing Policy" (43 FR 29186), Southeastern published a "Notice of Issuance of Final Power Marketing Policy, Cumberland System of Projects" in the *Federal Register* on August 5, 1993 (58 FR 41762). The policy establishes the marketing area for system power and addresses the utilization of area utility systems for essential purposes. The policy also addresses wholesale rates, resale rates, and conservation measures, but does not address RECs. Under Section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s), Southeastern is responsible for the transmission disposition of electric power and energy from reservoir projects operated by the Department of the Army. Furthermore, Southeastern must transmit and dispose of such power and energy in such manner as to encourage the most widespread use at the lowest possible rates consistent with sound business principles. Rate schedules are drawn to recover all costs associated with producing and transmitting the power in accordance with repayment criteria.

Southeastern began the development of a REC distribution process at the request of customers in the Kerr-Philpott System. To expand the REC distribution to additional customers, Southeastern has begun to develop a process for REC distribution in the Cumberland System. The purpose of the distributions is to provide customers with a product that the customers have asked to receive, which will add value to the green, renewable hydropower already delivered. The revisions will not change the Administrator's prior determinations regarding power allocation within the System marketing area.

All documents introduced at the public information and comment forum, and all comments, questions and answers will be available for inspection and copying in accordance with the Freedom of Information Act (5 U.S.C. 552).

Public Notice and Comment

On October 21, 2021, Southeastern published in the *Federal Register* a “Notice of Intent to Revise Power Marketing Policy Cumberland System of Projects” (86 FR 58260) to revise its marketing policy by including provisions regarding RECs from the System. The notice requested that written comments and proposals be submitted on or before December 20, 2021.

Southeastern received no public comments.

Proposed Revision to the Power Marketing Policy

The System consists of nine projects: Barkley, Center Hill, Cheatham, Cordell Hull, Dale Hollow, Laurel, Old Hickory, J. Percy Priest, and Wolf Creek. The power from the projects is currently marketed to Preference Customers located in the service areas of the Tennessee Valley Authority, Big Rivers Electric Corporation, Duke Energy Progress, East Kentucky Power Cooperative, Kentucky Utilities, Municipal Electric Agency of Mississippi, Mississippi Delta Energy Agency, the seven-member Cooperative Energy currently receiving Cumberland power, and Southern Illinois Power Cooperative.

Southeastern proposes to revise the Power Marketing Policy for the System to include the following additional provisions for RECs associated with hydroelectric generation:

Renewable Energy Certificates: The M-RETS Tracking System creates and tracks certificates reporting generation attributes, by generating unit, for each megawatt-hour (MWh) of energy produced by registered generators. The System projects are registered generators within M-RETS. The RECs potentially satisfy Renewable Portfolio Standards, state policies, and other regulatory or voluntary clean energy standards in a number of states. Southeastern has subscribed to M-RETS and has an account in which RECs are collected and tracked for each MWh of

energy produced from the System. Within M-RETS, certificates can be transferred to other M-RETS subscribers or to a third-party tracking system.

M-RETS creates a REC for every MWh of renewable energy produced by registered generators, tracks the life cycle of each REC created, and ensures against any double-counting or double-use of each REC. These RECs may be used by electricity suppliers and other energy market participants to comply with relevant state policies and regulatory programs and to support voluntary “green” electricity markets.

Southeastern proposes distribution of M-RETS-created RECs to Preference Customers with allocations of power from the System.

REC Distribution: M-RETS (or a successor application) will be the transfer mechanism for all RECs related to the System. Southeastern shall maintain an account with M-RETS and collect RECs from the generation at the System projects. Southeastern will verify the total amount of RECs each month. Preference Customers with an allocation of power from the System are eligible to receive RECs by transfer from Southeastern’s M-RETS account to their M-RETS account or that of their agent. M-RETS (or a successor application) will be the transfer mechanism for all RECs related to the Kerr-Philpott System. Any further transfer, sale use, or trade transaction would be the sole responsibility of a Preference Customer. Transfers to each customer will be based on the customer’s monthly invoices during the same three-month period (quarter). Where applicable, RECs will be project-specific based on the customer’s contractual arrangements. Customers receiving energy under the TVA/TVPPA contract will receive their distributions pursuant to the percentages in TVA Area Preference Customer 1978 Load document (revised March 2022).

All RECs distributed by Southeastern shall be transferred within forty-five days of the end of a quarter. Each customer must submit to Southeastern, by the tenth business day after the quarter, any notice of change to M-RETS account or agent. Any REC transfers that were not claimed or if a transfer account was not provided to Southeastern will be forfeited if they become

nontransferable as described in the M-RETS terms of service, procedures, policies, or definitions of reporting and trading periods, or any subsequent rules and procedures for transfers as established.

The initial transfer process in M-RETS will be accomplished by the sixtieth day after the end of the first completed quarter subsequent to publication of the final policy revision. Any balance of RECs that exist in Southeastern's M-RETS account, other than the first quarter after policy revision publication, may also be transferred to Preference Customers according to the customer's invoiced energy at the time of the REC creation.

Rates: No rates shall be established by Southeastern for RECs transferred to Preference Customers. Any cost to Southeastern, such as the M-RETS subscription, will be incorporated into marketing costs and included in recovery through the energy and capacity rates of the System.

Signing Authority

This Department of Energy document was signed on April 17, 2023, by Virgil G. Hobbs III, Administrator, Southeastern Power Administration, pursuant to delegated authority from the Secretary of Energy. That document, with the original signature and date, is maintained by DOE. For administrative purposes only, and in compliance with requirements of the Office of the Federal Register, the undersigned DOE Federal Register Liaison Officer has been authorized to sign and submit the document in electronic format for publication, as an official document of the Department of Energy. This administrative process in no way alters the legal effect of this document upon publication in the *Federal Register*.

Signed in Washington, DC, on April 19, 2023.

Treena V. Garrett,
Federal Register Liaison Officer,
U.S. Department of Energy.

